

Fourth Quarter Estimates are due January 17, 2023. If you would like us to prepare them, please provide income, deductions and withholding amounts to our office by January 13, 2023.

Please call our office to further discuss any of these items that may pertain to you.

Fast Facts

- 2023 mileage rates –
 - 65.5 cents per mile driven for business
 - 22 cents per mile for medical
 - 14 cents per mile for charitable work
- The American Rescue Plan Act of 2021 preemptively excluded most student loan debt from Federal income for the 2021 through 2025 years
- Charitable contributions from your IRA – if you are over the age of 70 ½ or if you are required to take a minimum distribution from your IRA, consider making a **Qualified Charitable Distribution**. A QCD will reduce the taxable amount by the amount you donate. The funds must transfer to the charity directly.

2022 Year End Reminder

Forms 1099 are required to be mailed to recipients no later than January 31, 2023. If you need us to prepare the necessary forms, please provide this information to us by January 18, 2023.

Another reminder as we approach tax season, please remember to have cost basis of 2022 year end inventory and mileage of all vehicles used for business or rental income as of 12/31/2022. We will need mileage for the following time periods: 1/1/2022-6/30/2022 and 7/1/2022-12/31/2022.

Assign Beneficiaries

Make sure to have beneficiaries listed on your bank, investment, retirement, annuity accounts, etc. If you were to pass away, these funds go directly to the listed beneficiaries. If you pass away without listing beneficiaries, these funds go to your estate and if you did not have a will prepared, it could create a real mess for your beneficiaries. There will be additional costs and time spent dealing with the courts.

IRS Crackdown on Cryptocurrency and Digital Assets

The IRS is continuing to ramp up enforcement efforts to locate taxpayers who are using cryptocurrency and digital assets to avoid taxation. Cryptocurrencies and digital assets are treated as property. Taxpayers are required to pay capital gains tax on any profits they earn from buying and selling virtual currencies or digital assets. If you sold or plan to sell any cryptocurrency in 2022/2023, it's better to report profits and pay the tax than it is to get caught not disclosing and face penalties and interest.

Inflation Reduction Act (IRA)

Many of the tax benefits offered in the IRA are not new, but rather extensions and modifications to existing credits. One of the law's goals was to encourage going green by offering tax incentives. Beginning in 2023, the energy efficient home credit amount is 30% of the costs of eligible home improvements, subject to a \$1,200 annual limit. Some specific annual limits for projects that meet Energy Star requirements are below:

- \$150 for home energy audits
- \$250 for exterior doors (\$500 for all doors)
- \$600 for windows and skylights
- \$600 for other qualified energy property such as central A/C units, water heaters, furnaces, etc. (up to \$600 per item)

There is also the clean vehicle credit, but the IRA placed restrictions on eligibility. Households with income up to \$300k (\$150k for individuals) qualify. Additionally, only battery-powered cars less than \$55k or \$80k for vans/trucks/SUVs manufactured with specified sourcing requirements and a final assembly point in North America qualify.

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